

CHARTER IFQ COMMITTEE
FINAL RECOMMENDATIONS ON ELEMENTS AND OPTIONS FOR ANALYSIS
revised 4/11/00

Committee members Dave Hanson (chairman), Mike Bethers, Tim Evers, John Goodhand, Brett Huber, Dave Kubiak, Andy Mezirow, Larry McQuarrie, Tom Ohaus, Jim Preston, and Bob Ward were in attendance. Technical advisors David Brindle, Duncan Fields, Arne Fuglvog, and Don Lane also attended. Steve Campbell and Mark Lundsten did not attend. Jane DiCosimo, Chuck Hamel, Darrell Brannan, Jay Ginter, Phil Smith, Jim Hale, Steve Meyer, and Doug Vincent-Lang provided staff support. Council member Dennis Austin and nine members of the public also attended. The meeting convened in Anchorage at approximately 1 pm. The committee revised its recommendations from the March 2000 meeting.

Initial allocation is the key to the design of the charter IFQ program. Initial QS issuance (upon implementation) to maintain current business levels is necessary to have this program accepted by the charter industry.

Each of the following elements and options are predicated on the assumption that initial issuance is based on present day abundance. No reductions would occur prior to time of issuance (i.e., 1.4 Mlb in 2C and 3.9 Mlb in 3A) even if that does not occur for 3-4 years.

Issue 1. Qualification Criteria

Initial allocations will be based on an individual's participation and not the vessel's activity. Anyone not meeting the qualification criteria would have to purchase QS or transfer (lease) IFQs to participate in the halibut charter fishery.

- Option 1. Halibut charter operators who carried clients in 1998 and 1999 and who submitted ADF&G logbooks (as received by ADF&G by February 12, 2000)
- Option 2. Halibut charter operators who carried clients in 1998 or 1999 and who submitted ADF&G logbooks (as received by ADF&G by February 12, 2000)
- Option 3. Halibut charter operators who carried clients prior to June 24, 1998 and who submitted at least one ADF&G logbook (as received by ADF&G by February 12, 2000)
- Option 4. Four out of five years between 1995-1999 as evidenced by IPHC and CFEC licenses for 1995-99 and submitted logbooks for 1998 and 1999
- Option 5. Four out of five years between 1995-1999 as evidenced by IPHC and CFEC licenses for 1995-99 and submitted logbooks for either 1998 or 1999

Issue 2. Initial allocation of IFQs would be issued to U.S. citizens or to U.S. companies on the following basis:

- Option 1. Charter vessel owner/operator - individual who owns and operates (captains) the charterboat and charterboat business
- Option 2. Bare vessel lessee - person that leases a vessel and controls its use as a charterboat for this fishery. May operate the vessel or may hire a captain/skipper. Lessee determines when the vessel sails and by whom captained
- Option 3. Owners of charterboats that hired licensed captains/skippers - persons that owned the vessel that they controlled as a charterboat but hired a captain/skipper to operate the vessel

Option 4. Hired skipper - individual without financial interest in the vessel, hired for the labor only of operating a charterboat and paid a wage or commission as compensation

Issue 3. To receive halibut IFQ by transfer:

Option 1. Must be an individual initial charter issuee

Option 2. Must be a qualified individual charter operator as defined by State of Alaska requirement*

*this would require a change in the commercial regulations to allow transfer of commercial QS/IFQ to charter operator

Option 3. Must have transfer eligibility certificate

Issue 4. Transferability of QS (permanent) and IFQs (on annual basis [leasing])

Option 1. Within a sector

Option 2. Within an area

Option 3. Two-way (between commercial and charter sectors).
suboption. 3-yr one way transfer from commercial to charter

Option 4. Caps

suboption 1. no caps - free transferability

suboption 2. on percentage of annual IFQ transfers (de facto leasing) between sectors not to exceed 25% of total IFQ and 5% of annual IFQ transfers from charter to commercial; not to exceed the amount needed to meet the area GHL (1.4 M lb in Area 2C and 3.91 M lb in Area 3A) from commercial to charter

suboption 3. on percentage of annual QS transfers between sectors not to exceed 25% of total QS and 5% of annual QS transfers from charter to commercial; not to exceed the amount needed to meet the area GHL (1.4 M lb in Area 2C and 3.91 M lb in Area 3A) from commercial to charter

suboption 4. allow splitting of commercial blocks for transfers to charter sector

suboption 5. from commercial B, C, and D only vessel category sizes to charter

suboption 6. from charter to commercial 1) D category only; 2) B, C, and D category

suboption 7. initial transfer from undesignated charter to a particular commercial vessel category locks in at that commercial category

suboption 8. one transfer of QS/IFQ each year between sectors for each QS holder

suboption 9. minimum size of transfer is range of 20-72 fish

Issue 5. Initial IFQs may be based on:

Option 1a. 3.91 Mlb in Area 3A and 1.4 Mlb in Area 2C

Option 1b. 125 percent of above (4.89 Mlb in Area 3A and 1.75 Mlb in Area 2C)

Option 2. 70% of 125% of 1998 and 1999 logbook average with an additional 10% (of the 125%) added for each year of operation 1995-97. The balance could then be re-issued to the whole group of participants (some individuals vessel's total could be over 125% of the 1998 and 1999 logbook average, new entrants may receive only 70% of their 1998 and 1999 logbook average), or this balance could be set aside for initial issue hardships (longevity reward)

Option 3. client-days of bottomfish effort fished in 1998 and 1999

- Option 4. Modified Kodiak proposal: 5-30% for A, 33% for B, 37-62% for C (see attachment)
Part A: each individual gets an equal percentage of the qualified pool as identified by the Council's final action
Part B: each individual's average 98/99 logbook harvest as percentage of overall harvest is multiplied by 33% of the average 1995-99 GHL.
Part C: one point for each year of participation during 1995-99

Option 5. Initial issuance would be fixed at Option 1a or 1b in perpetuity; transferred QS would be subject to TAC.

Option 6. 50% of an individual's QS initial issuance would be fixed and the remaining 50% would float with abundance.

Issue 6. IFQs associated with the charter quota shares may be issued in:

Option 1. Pounds

Option 2. Numbers of fish (based on average weight determined by ADF&G)

Issue 7. Reporting:

Option 1. Require operator to report landings at conclusion of trip

Option 2. ADF&G logbook

Issue 8. Other aspects of charter QS

Option 1. ownership cap of $\frac{1}{4}$, $\frac{1}{2}$, and 1% of combined QS units in Area 2C and $\frac{1}{4}$, $\frac{1}{2}$, and 1% of combined QS units in Area 3A and grandfather initial issues at their initial allocation

Option 2. maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather initial issuees

Option 3. 10% rollover provision of total QS

Option 4. 10% overage provision of total QS to be deducted from next year's QS

Option 5. appeals process

Option 6. recovery of program costs

Issue 9. Charter IFQ program for Areas 2C and 3A only

Issue 10. Duration of charter IFQ would have no specific ending date (similar to commercial IFQs)

Issue 11. Charter IFQ program replaces the recently approved Guideline Harvest Level (GHL) program